

[CIC Circular No. 2015-01, May 15, 2015]

ENFORCEMENT OF THE CREDIT INFORMATION SYSTEM ACT PURSUANT TO REPUBLIC ACT NO. 9510 AND ITS IMPLEMENTING RULES AND REGULATIONS

*Adopted: 15 May 2015
Date Filed: 05 June 2015*

SECTION 1. Background

Republic Act (RA) No. 9510 entitled: *An Act Establishing the Credit Information System and for Other Purposes otherwise known as the Credit Information System Act* (the "Act") was approved on 31 October 2008, establishing Credit Information Corporation ("CIC"), requiring banks, quasi-banks, their subsidiaries and affiliates, credit card companies, life insurance companies and other entities providing credit facilities to submit credit information and updates thereon on a regular basis to the CIC whose primary purpose is to receive and consolidate such basic credit data. CIC is thus, mandated to act as a central registry or central repository of credit information, and to provide access to reliable and standardized information on the credit history and financial condition of borrowers.

SECTION 2. Purpose

This Circular is issued for the following purposes:

- 2.1 To enforce the Act, as well as its promulgated rules and regulations, which directs and requires banks, quasi-banks, their subsidiaries and affiliates, credit card companies, life insurance companies and other entities providing credit facilities, to submit the credit information of its borrowers and thereafter update the same on a regular basis to the CIC;
- 2.2 To ensure that the Submitting Entities comply with the requirements of the Act and its implementing rules and regulations, and other regulatory requirements; and
- 2.3 To prescribe the rules and procedures for submitting credit information and updates to the CIC and other obligations of Submitting Entities thereunder.

SECTION 3. Scope

The provisions of this Circular shall be enforced and applied to the following entities providing credit facilities, hereinafter referred to as, individually "Submitting Entity", and collectively as "Submitting Entities":

- 3.1 Universal, commercial and thrift banks, including their trust

- departments, rural banks and entities with quasi-banking license issued by the BSP, including their subsidiaries and/or affiliates that are engaged in the business of providing credit;
- 3.2 Life insurance companies, mutual benefit associations and other similar entities supervised by the Insurance Commission;
 - 3.3 Credit card companies;
 - 3.4 Financing companies;
 - 3.5 Trust entities;
 - 3.6 Investment houses with quasi-banking license;
 - 3.7 Non-governmental organizations engaged in the micro financing business;
 - 3.8 Government lending institutions, both GFIs and GOCCs engaged primarily in lending;
 - 3.9 Cooperatives engaged in lending activities such as credit cooperatives or financial services cooperatives; and
 - 3.10 Other entities providing credit facilities.

SECTION 4. Definition of Terms

" Accessing Entity" refers to any Submitting Entity or any other entity authorized by the CIC to access Consolidated Credit Data from the CIC.

" Affiliate" refers to a corporation, of which not more than fifty percent (50%) but not less than ten percent (10%) of the outstanding voting stock is directly or indirectly owned, controlled or held, with the power to vote, or under common control by the Submitting Entity or Borrower as the case may be.

" Basic Credit Data" means basic credit information, which includes Positive and

Negative Credit Information provided by a Borrower to the Submitting Entity in

connection with an application for and/or availment of a credit facility, and any information on the Borrower's creditworthiness in the possession of the Submitting Entity and other factual and objective information related or relevant thereto in the Submitting Entity's data files; but shall exclude confidential information on bank deposits and for client funds under existing laws unless the Borrower executes a Deposit and/or Fund Waiver.

"Borrower" means a natural or juridical person, including any local government unit, its subsidiaries and affiliates, which applies for and/or avails of a Credit Facility.

"Consolidated Credit Data" refers to the output of the CIC comprising of Basic Credit Data, and other data or credit information in the possession of the CIC and accessible through the System.

"Credit Facility" refers to any loan, credit line, guarantee, standby letters of credit, trust receipts, or other form of financial accommodation or credit from the Submitting Entity, except that deposits in banks shall not be considered a credit facility extended by the depositor in favor of the bank.

"Data Subject" refers to an existing borrower or loan applicant or anyone who in any way applies for or avails of a credit facility.